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SUMMARY OF CONTENTS

THE SOVIET WORLD Page 4

The October Revolution--Communist divisive tactics--East-West trade.

PROSPECTS FOR THE INTER-AMERICAN ECONOMIC CONFERENCE
OPENING 22 NOVEMBER Page 6

At the inter-American economic conference opening in Rio de Janeiro on 22 November, almost every Latin American government seems likely to support at least one resolution opposed by the United States. The most troublesome proposals will be those for setting up new lending agencies and organizations to stabilize raw material prices.

THE MOSLEM BROTHERHOOD--OPPONENT OF THE NASR REGIME . Page 8

With the attempt on the Egyptian premier's life on 26 October, the extremist Moslem Brotherhood and the Nasr regime apparently moved from a period of armed truce into an open contest of strength. The arrest on 30 October of Hassan Hudaibi, leader of the Brotherhood, on charges of plotting to overthrow the army regime by a series of assassinations suggests that the Revolutionary Command Council has now decided to force a showdown with its most dangerous opponent.

EMERGENCE OF VIET MINH REGIME POSES SPECIAL PROBLEMS
FOR COMMUNIST ORBIT Page 10

The circumstances surrounding the rise to power of the Viet Minh, plus its geographical separation from the Soviet Union by China--a junior partner rather than a Satellite--present a unique situation for the Kremlin. The Viet Minh, the USSR, and Communist China, however, have apparently been able to resolve their problems harmoniously and are expected to continue to do so.

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~~SECRET~~

ECONOMIC SIGNIFICANCE OF NORTH VIETNAM TO THE SOVIET
BLOC Page 12

The partitioning of Vietnam has placed under Viet Minh control most of the coal and other mineral resources of that country, and most of its limited industry. Among the Soviet bloc states, Communist China seems likely to be the major beneficiary of the exploitation of North Vietnam's economy. To benefit in this way, however, Peiping will require assistance from the Orbit.

THE NEW ANTIRELIGIOUS CAMPAIGN IN THE USSR AND
SATELLITES Page 15

The Soviet government has launched its most extensive antireligious propaganda drive since the war, and this campaign--modified by local conditions --has now spread to some of the Satellites. Coming at a time when the Soviet leaders appear to be making real efforts to win popular support, it shows that they view religion as a serious block to the development of a Marxist society.

ALGERIA POSES SECURITY PROBLEM FOR FRANCE Page 17

The unexpected, widespread and carefully coordinated terrorism in Algeria on 1 November--the first major outbreak since 1945--poses a security problem for France.

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THE SOVIET WORLD

This year's Moscow celebration on the anniversary of the October Revolution was somewhat more relaxed and less martial in tone than those of previous years. The speech of Defense Minister Bulganin, like that of Deputy Premier Saburov, was less aggressive than the speeches on previous occasions, and the military portion of the ceremonies was curtailed.

In the European Satellite celebrations, the principal speakers followed the standard pattern of recent years. In Hungary, however, the USSR was somewhat less emphasized in this year's preholiday build-up, according to the American legation, and Western diplomats were invited for the first time to participate in wreath-laying ceremonies at the Soviet memorial.

Yugoslav treatment of the holiday was marked by relatively cordial overtones, although the general pattern remained the same as that established last year. The press quoted without comment the section of Saburov's speech on the recent improvement in relations between Yugoslavia and the USSR. Unlike 1953, when the press criticized the USSR and Stalin for corrupting the true aims of socialism, this year's editorials spoke hopefully of recent efforts toward decentralization in the USSR as a sign that the Russian people might at long last begin to enjoy the fruits of revolution.

In announcing on 8 November the transfer to Hungary of the Soviet share of joint enterprises, Moscow gave a further demonstration of a policy designed to stress the economic and political independence of the individual countries of the Orbit. The return of the various companies will not, however, weaken Soviet control of the Satellites' economies, which will continue to be exercised through high-level government advisers and party leaders.

In keeping with the general Communist policy of attempting to split the United States from its major allies, the Viet Minh has adopted a relatively soft policy toward the British and French missions in Hanoi, in contrast to that applied to the American consulate. The chief of the Hanoi administration told the British consul general on 3 November that the Viet Minh would be pleased to enter into relations with the British mission. He implied that the British in Hanoi would be accorded a different status and treatment from the Americans.

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The executive secretary of the French minister for the Associated States reported that the Sainteny mission to North Vietnam had succeeded in obtaining important economic guarantees from Ho Chi Minh. Ho's ostensibly conciliatory statement of 8 November on French-Viet Minh relations appeared designed to provide grist for those in France who favor doing business with the Viet Minh and perhaps even writing off non-Communist Vietnam.

The new Soviet-French trade agreement, which was signed in Paris on 1 November within the framework of the three-year pact of July 1953, calls for an increase in trade. This increase appears feasible in the light of the volume of trade between the two countries from July 1953 to July 1954. French deliveries approximated the original goal, and Soviet deliveries to France were some 85 percent above it. The new target is for exchanges totaling about \$154,000,000 during an 18-month period. This is at a rate 60 percent higher than that scheduled for last year.

Preliminary reports on the Sino-Burmese rice agreement of 3 November indicate that it may not be fully implemented. As much as 80 percent of the value of the 150,000 long tons of rice Peiping has agreed to take must be offset by Burmese imports of Chinese goods, the natural demand for which is extremely limited. Rangoon trade sources doubt that sufficient commodities will be imported from China to permit the export of the entire 150,000 tons.

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**PROSPECTS FOR INTER-AMERICAN ECONOMIC
CONFERENCE OPENING 22 NOVEMBER**

At the inter-American economic conference opening in Rio de Janeiro on 22 November, most Latin American governments seem likely to support resolutions opposed by the United States. The most troublesome proposals will be those for setting up new lending agencies and organizations to stabilize raw material prices. Recommendations along these lines have already been offered by the UN Economic Commission for Latin America and by the Secretariat of the Organization of American States.

The Latin American countries' economic fears and grievances, voiced in more than 25 resolutions passed at the Tenth Inter-American Conference at Caracas last March, appear basically unchanged. At Caracas, the Latin Americans were interested chiefly in solving economic problems which they said were aggravated by American policies, and they protested bitterly Washington's overriding emphasis on anti-Communist measures. Chile's drive to force a special conference on economic problems won unanimous support and resulted in the scheduling of the forthcoming meeting.

Washington's subsequent insistence that inter-American economic relations must be based on self-help and on predominantly private rather than intergovernmental arrangements apparently reduced, but did not destroy, the Latin Americans' hope of substantial achievements at Rio de Janeiro. In addition, Assistant Secretary Holland's tour of Latin America in September and October and his efforts to lessen fears of American trade restrictions and dumping in Latin America's traditional markets may have encouraged a belief that Washington would offer concrete proposals on these subjects.

A change in attitude has been evident, however, since Holland's 27 October speech depicted the meeting as part of a long process of adjustment and not as "an occasion for any dramatic disclosures of new policies." Comment in Brazil, Colombia, Venezuela, and Haiti has indicated that "public opinion" may now demand a more aggressive Latin American approach.

A Venezuelan official has termed the American position "unduly negative" and predicted the Latin Americans may "force through" measures designed to underline their aspirations. A Brazilian Foreign Ministry official has publicly suggested increased trade with the Orbit to compensate for the uncertainty of American markets.

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Proposals for one or more kinds of inter-American bank--opposed by the United States--seem certain. Chile, for example, is waging a diplomatic campaign to promote a special bank which apparently would be designed to attract European capital and to favor increased trade with Europe rather than the United States. Brazil's chief delegate is reported to have been forced by coffee exporters to draft a proposal for a bank to be financed largely from the taxes collected by the United States on American businesses operating in Latin America.

Chilean and Colombian proposals for an organization to stabilize the prices and markets of raw materials--also opposed by Washington--have aroused widespread interest and support. The Central American states are expected to join other coffee-producing countries in sponsoring additional machinery for steadying the coffee market.

Many governments have registered objections to one or more of these proposals--particularly those involving new banks--but have intimated they will feel obliged to support any measures for the "defense of Latin American interests" that gain widespread approval. Argentina, for example, has expressed unusually strong agreement with the American opposition to new financial institutions and with Washington's endorsement of private investment as the primary source of new capital. Top Argentine officials have admitted, however, they may have to support any "price parity" proposal introduced by another country. Venezuela and Peru have sketched out similar positions.

Latin American aggressive tendencies may be modified by Brazil's and Argentina's apparent preference for bilateral rather than plenary conference negotiations with the United States on key problems. Brazilian finance minister Gudin during his October visit to Washington expressed hope for a later continuation of two-way talks on trade and exchange problems. An Argentine official has stated Peron had instructed his delegation to seek "direct negotiations" on agricultural surplus disposals. Peru and Mexico appear to have similar ideas.

Latin American positions at the forthcoming conference will certainly reflect the view, found even in the friendly Cuban papers, that Washington's "best friends" are last on the list for aid and loans, as well as the view, expressed recently by Colombia's President Rojas, that there is a need for hemisphere economic machinery comparable in importance to existing political and military arrangements.

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THE MOSLEM BROTHERHOOD--OPPONENT OF THE NASR REGIME

With the attempted assassination of Premier Nasr on 26 October, the extremist Moslem Brotherhood and the Egyptian regime apparently have moved from an armed truce into an open contest of strength. The fanatical and terrorist Brotherhood, with an estimated 500,000 members and cells throughout the Arab world, is capable of seriously harassing the regime.

The arrest on 30 October of Hassan Hudaibi, head of the Brotherhood and outspoken critic of Nasr, on the charge of plotting to overthrow the regime by a series of assassinations of army leaders, suggests that the Revolutionary Command Council has decided to force a showdown with its most dangerous opponent.

Since the assassination attempt, more than 400 arrests have been reported, and the regime has set up a tribunal composed of three members of the RCC with wide powers over "all Brotherhood crimes considered treasonable and directed against the regime." The first trials are expected to start shortly, and raids on Brotherhood centers and arms caches are under way in an effort to destroy the organization's power.

The Moslem Brotherhood, founded in 1929 to promote a strict observance of the tenets of Islam and a return to the principles of the Koran, has always drawn most of its members from among religious fanatics and extreme nationalists. By 1948, when it was first outlawed for its terrorist activities, the Brotherhood had become a powerful political movement with an extensive organization throughout Egypt and with branches in other Arab countries. It continued its activities clandestinely until officially reinstated in 1951 as a "cultural society."

The Brotherhood came to the fore in Egyptian politics immediately following the army coup of July 1952. The military regime initially sought its support and either put into practice or endorsed most of the organization's program, including land redistribution, clean-up of political corruption, abolition of titles, and other social and economic reforms. Relations between the regime and the Brotherhood deteriorated during 1953, however, as the Nasr group in successive steps moved to assure its absolute authority. In January 1954, the regime charged the organization with interference in political affairs, decreed its dissolution, and arrested some of its leaders.

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As a result of the Nagib-Nasr crisis of March 1954, however, the regime was forced to release the Brotherhood's leaders and tacitly permitted it to resume its activities. During the uneasy truce that followed, Hudaibi toured the other Arab states and is reported to have made arrangements to carry on the organization's activities from outside Egypt in anticipation of another crackdown by the regime.

The signature of the Anglo-Egyptian "Agreement on Principles" in July, covering the British evacuation of the Suez base, marked the beginning of open attacks on the Nasr regime by the Brotherhood. The regime retaliated with efforts to discredit Hudaibi and divide the Brotherhood. These efforts failed, but on 21 October the organization's general assembly elected a new governing body, less likely to oppose the regime, and placed Hudaibi "on indefinite leave" as head of the organization. 25X1

If Nasr, capitalizing on his rise in popularity following the attempt on his life, can break the power of the Moslem Brotherhood and discredit its activities, the regime will have removed its only organized opposition and the most serious threat to its continued rule. However, if the present drive against the Brotherhood fails to destroy its power and organization, the regime will face further attacks from its clandestine operations, possibly assisted by its cells in other Arab states. Elements of the outlawed nationalist Wafd party--the only other group in Egypt with an extensive organization--may also be expected to support Brotherhood attacks on the government. If this should happen, the regime would face a serious threat to internal security.

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EMERGENCE OF VIET MINH REGIME POSES SPECIAL PROBLEMS FOR COMMUNIST ORBIT

The circumstances surrounding the rise to power of the Viet Minh, plus its geographical separation from the Soviet Union by China--a junior partner rather than a Satellite--present a unique situation for the Kremlin. The Viet Minh, the USSR, and Communist China, however, have apparently been able to resolve their problems harmoniously and are expected to continue to do so.

The Viet Minh's growth is similar to Communist China's in that both developed as Communist-controlled "liberation" movements operating from rural bases and relying almost entirely on their own military manpower, in contrast to North Korea, where a Communist regime was set up under a Soviet occupation. Like Communist China, moreover, the Viet Minh has been led by a long-time Communist of outstanding ability. Ho Chi Minh, indeed, probably enjoys greater prestige as a nationalist and is more popular among his compatriots than any of the Chinese Communist leaders. Anti-imperialism played an even more important part in Vietnam than it did in China, and the Viet Minh as a result has had a greater popular appeal.

Tonkin's location at the outer periphery of the Orbit compels Russia to operate largely through Communist China. Because the Chinese, long the object of Vietnamese hostility, are the channel for most of the material and technical aid the Viet Minh receives, Viet Minh, Chinese and Soviet leaders could be expected to try to avoid the impression that Tonkin is falling under Chinese suzerainty.

These factors--which could be conducive to development of a relatively autonomous Communist state in northern Vietnam--are probably outweighed, however, by others making for ideological orthodoxy and the integration of the Viet Minh within the Orbit. The Viet Minh is led by orthodox Communists who have exploited Vietnamese nationalism to attain power. Reports of "Titoist" tendencies appear premature and can be explained in part as a deliberate effort of certain French officials to rationalize a policy of working with the Viet Minh.

Actually the Viet Minh has been careful to co-ordinate its policies closely with the Orbit's. For the most part, co-ordination is effected by the simple process of monitoring Soviet propaganda to determine the current line.

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Perhaps the most potent factor behind the solidarity of the Viet Minh with the Orbit is Ho Chi Minh's dependence on material aid supplied through China. The prime object of Viet Minh policy is the conquest of southern Vietnam--for the present by political means, perhaps eventually by military means. To achieve this, the Viet Minh must revitalize the economy of the north, both for the psychological impact such a program would have on the population and to create a stronger military base.

No appreciable friction has been observed between the USSR and Communist China regarding relative influence on the Viet Minh. Viet Minh propaganda unequivocally endorses the Soviet Union as the bastion of the world revolution and takes its cue on larger policy matters--such as the cease-fire agreement--from Moscow. In the concrete application of policy--for example, the exchange of diplomatic missions and the organization of trade and military aid--the Viet Minh's contacts with the Chinese Communists have been closer than those with the USSR. The Viet Minh may well feel that the extension of Soviet influence would be a desirable counterpoise to the influence of Communist China.

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ECONOMIC SIGNIFICANCE OF NORTH VIETNAM TO THE SOVIET BLOC*

The partitioning of Vietnam has placed under Viet Minh control most of the coal and other mineral resources of that country, and most of its limited industry (see map, p. 14). Among the Soviet bloc states, Communist China will be the major beneficiary of the exploitation of North Vietnam's economy. In the development of its economy, however, North Vietnam will require assistance from the Orbit.

Important to the bloc, and to Communist China in particular, are the additional supplies of coal and cement that will soon become available. The estimated reserves of coal in North Vietnam are 20 billion tons, in large part high-grade anthracite, about equal in volume to the estimated original reserves of anthracite coal in Pennsylvania. Production in recent years has amounted to somewhat less than 1,000,000 tons per year, in contrast with approximately 2,500,000 tons prior to World War II.

Although it is unlikely that the recent production level will be exceeded in the next few years, the limited local market permits substantial exports to be made, thereby providing an important supplement to the bituminous coal currently being mined in China, as well as a valuable barter item for trade with other nations.

The acquisition by the Viet Minh--under the terms of the Geneva agreements--of the Haiphong cement plant in May 1955 will provide a significant source of supply to Communist China. This plant, the largest cement producer in Southeast Asia, has an annual capacity of 400,000 tons.

The rehabilitation of North Vietnam's rail system, most of which has long been in disuse, has been assigned a high priority by the Viet Minh, and recent reports indicate that intensive reconstruction, employing thousands of laborers, is under way. The important lines from the Red River delta to the China border--one to Lao Kay, the other to Lang Son--should be in operable condition by the middle of 1955, assuming adequate Chinese assistance.

*Based on a study prepared by the Office of Research and Reports.

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This rehabilitation will be advantageous both strategically and economically, particularly to Communist China but also to the Soviet bloc in general. By connecting the Chinese rail system with that of North Vietnam north of Lang Son, the bloc will establish through rail service from the USSR via Communist China to the Southeast Asian Communist frontier. The restoration of the line to Yunnan Province in Southwest China will provide a means for the further development and exploitation of the tin and copper resources of that area. The acquisition of Haiphong will--following restoration of the Yunnan-Indochina railway--provide Southwest China with an easily accessible deep-water port for its commercial use.

Any substantial production from North Vietnam's mineral resources other than coal can be made available to the bloc only at the cost of considerable investment in mining and processing facilities. It is anticipated that any forthcoming aid will be directed primarily at the exploitation of the area's coal, tin and zinc deposits. Manganese, tungsten, and chrome, although present in North Vietnam, are less important owing to the bloc's sufficiency in these raw materials. Reconstruction of North Vietnam's rail system will be accomplished almost entirely with Chinese Communist or bloc material and technical personnel. Similar assistance will be necessary to maintain and improve the port of Haiphong.

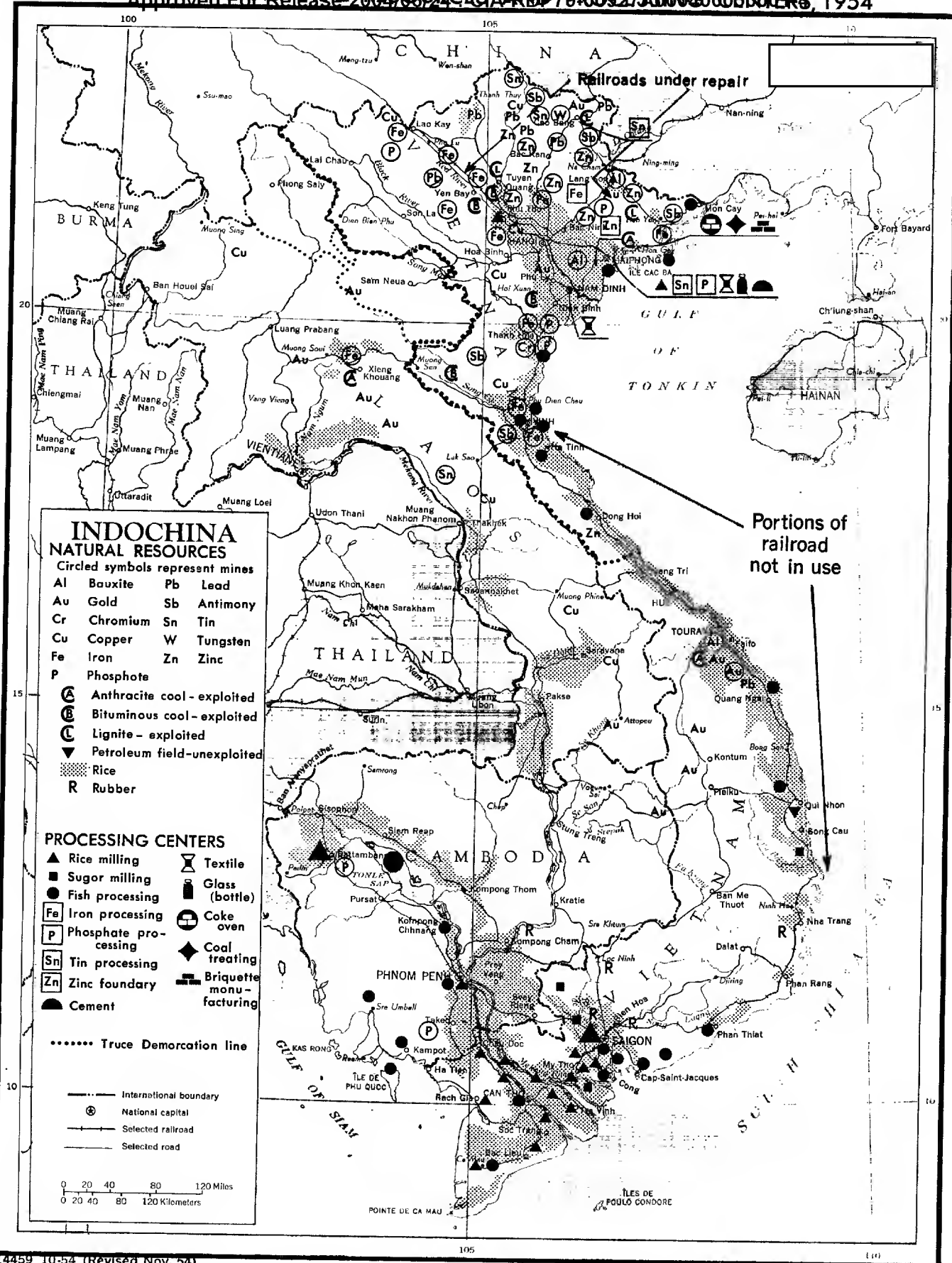
North Vietnam is normally a rice-deficit area, and reports suggest that this year's famine conditions--with rice production down 25 percent or 600,000 tons from 1953--may be the worst in almost ten years. In the past, Communist China has provided large quantities of rice via overland supply routes, and that country is expected to supply the minimum quantities necessary to maintain the Viet Minh regime's stability.

Long-term improvements in agriculture, notably through the development of considerable phosphate deposits and the expansion of the phosphate fertilizer plant in Haiphong, are expected to increase indigenous food production, but not to the point of self-sufficiency. The food deficit in the north provides a strong economic incentive for the Viet Minh campaign to obtain control of the south, where a large surplus is available.

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INDOCHINA NATURAL RESOURCES AND PROCESSING CENTERS, 1954

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THE NEW ANTIRELIGIOUS CAMPAIGN IN THE USSR AND SATELLITES

The Soviet government has launched its most extensive antireligious propaganda drive since the war and this campaign, modified to suit local conditions, has now spread to some of the Satellites. This renewal of emphasis on the traditional Marxist attitude toward religion cannot help but alienate the more religious segments of the population from the Malenkov regime. Coming at a time when the Soviet leaders appear to be making real efforts to win popular support, it shows that they view religion as a serious block to the development of a Marxist society. At the same time, the limitations which have been imposed on the attack illustrate the regime's desire to present the campaign from interfering with the Kremlin's current attempts to attract popular support.

During the past six months, the portion of Soviet propaganda output devoted to antireligious themes has been greater than at any time since 1941. On 24 July, Pravda printed its first editorial on this subject in ten years, and, on a typical day in September, 50 percent of the broadcasts in the Russian Republic and 75 percent of those in the Ukraine dealt with antireligious themes. Teachers are now told to incorporate "scientific-atheistic" propaganda in their instruction, and antireligious articles have become a regular feature of Moscow and provincial newspapers. Although the intensity of the campaign has diminished slightly in the past month, "scientific-atheistic" material still occupies a major place in Soviet internal propaganda output, and it apparently will be a continuing feature.

The campaign against religion is largely confined to the propaganda field. There has apparently been no increase in coercive measures against the church, and even propagandists have been told to stay within definite limits. They are warned to use an educational, "sensitive" approach, and to avoid "injuring the feelings" of believers.

In the Satellites, where the population has not been exposed to Marxist indoctrination for as long a period as has that of the USSR, the campaign is even more cautious. Only in Poland, where a strong tradition of Roman Catholicism facilitates extraorbital allegiances, have administrative measures recently been taken against the church. Yet even here, as in Czechoslovakia, party members who hold religious beliefs are to be first subjected to a long-range educational campaign

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rather than disciplinary action. In the event of the failure of this policy, certain members may be expelled, but the real reason for the expulsion is not to be stated publicly.

The renewal of the campaign against the church does not appear to have been caused by any new or imminent religious threat to the state or to the socialist system, even though there has apparently been a slight increase in religious activity since Stalin's death. The churches all echo the party line in their official statements and are under the tightest governmental control [REDACTED]

[REDACTED] The regime even continues to make use of churches and religious themes in appealing to foreigners.

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The current campaign, moreover, conflicts with the new leaders' program for reducing tensions and building popular support for the regime, and it hampers their efforts to win friends abroad. The leaders apparently recognize these deleterious effects and are attempting to minimize them by limiting the types of propaganda used and avoiding any action against the church hierarchy.

The regime's reason for launching this campaign despite its drawbacks appears to be a conviction that the accommodation arrived at with the church by Stalin in 1943 in order to strengthen the front against the Axis invaders cannot be continued indefinitely without jeopardizing the maintenance and strengthening of the socialist system.

This situation exemplifies one of the dilemmas which faces a Marxist government in quest of popular support, and the campaign makes it abundantly clear that the regime is not prepared to sacrifice the socialist orientation of Soviet life.

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ALGERIA POSES SECURITY PROBLEM FOR FRANCE

25X1 The unexpected, widespread and carefully co-ordinated terrorism in Algeria on 1 November--the first major outbreak since 1945--poses an added security problem for France. French officials in Paris regard the Algerian situation as extremely serious

The nature of the French police actions suggests that the French think responsibility for the current terrorism lies with the extremist Algerian nationalist party--the Movement for the Triumph of Democratic Liberties (MTLD). The movement was banned on 6 November and its leaders throughout France and Algeria have been arrested.

The MTLD advocates the use of violence to obtain independence from France and has been harassed by local French authorities since 1945. Its fanatical leader, Messali Hadj, was exiled from Algeria in April 1952, and his party has dissipated most of its effectiveness in internal strife and rivalries. The carefully co-ordinated action on 1 November at 30 widely separated points--primarily against police and communications--suggests greater organization and discipline than the party had demonstrated previously.

25X1 While the outbreak was probably initiated by nationalists, the past history of the MTLD's intermittent co-operation with the Algerian Communist Party leaves open the possibility of Communist participation and support.

French officials are playing heavily on the theme of Communist inspiration of the disorders.

The Algerian Communist Party, with an estimated membership of about 15,000, is controlled largely by Europeans. Because northern Algeria is part of metropolitan France, the party is legal and has mobility and freedom. It supports Algerian independence and has tried to lure the nationalists into united action. The MTLD--or some of the more vigorous factions struggling for leadership of the movement--may have accepted Communist support.

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The possibility that the outbreak was a diversionary maneuver of the Tunisian fellagha (quasi-military forces) appears less likely. Some of the fellagha may have moved into eastern Algeria under French pressure, but the widespread nature of the Algerian outbreaks and the organization and preparation they clearly required suggest that the origin and inspiration of the disorders were indigenous.

French officials are laying much of the blame on Radio Cairo's "Voice of the Arabs" and the Communist "Voice of National Independence and Peace" beamed from Budapest. The French have unsuccessfully protested against the inflammatory "holy war" broadcasts from Cairo and some officials are now reported to be considering economic reprisals against Egypt.

Tunisia and Morocco, not Algeria, have been in the forefront of the North African movement for self-government and independence following World War II. Since France has controlled Algeria for over 120 years, French settlers are proportionally more numerous and, having been established for a longer period of time, have greater influence. Destruction of tribal rule and local customs has weakened native solidarity and further hampered the nationalist movement.

Nevertheless, Algerian nationalists have worked assiduously for Arab recognition and support. They have also been seeking recently--without success--to have the Algerian question inscribed on the UN agenda. The outbreak of terrorism on 1 November may have been undertaken to win greater support from the Arab states and to focus world and UN attention on Algeria.

The 1 November outbreak emphasizes the latent tensions in Algeria and indicates that Algerian nationalists have the capability of challenging French authority. While the French military forces can and will quell the disorders, the outbreak may gain North African nationalism increased support in Algeria and among the Arab states. Algeria's nationalist potential, if co-ordinated with that of its neighbors, would present France with a major security problem.

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